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Port faces dilemmas of burgeoning growth

A vital component to the region's prosperity and growth struggles with trying to keep up with demand and a host of environmental issues.

By Gordon Smith

Copley News Service

As he looked over an electric fireplace at the Costco warehouse in Hawthorne, Mike Gooding explained that his wife saw one in the store recently and told him about it. Now the Lawndale resident had come back to buy it.

It's a fireplace without the hassle or cost of a real fireplace, a plug-in alternative that produces a "realistic flame effect" without the need for a chimney or roof vent.

Gooding had no way of knowing that the store actually sold out of the fireplaces that caught his wife's eye. Or that the stack of identical ones in front of him arrived by ship from China only seven days earlier.

Packed into a sealed metal container, they were unloaded from a giant cargo ship that docked in the shadow of the Vincent Thomas Bridge.

They were hauled by truck to Costco's inland distribution center in Mira Loma, near Riverside, divided into smaller lots, and then quickly trucked to Costco stores throughout Southern California.

The fireplaces are part of a river of goods pouring into the United States from Asia through the ports of Los Angeles and Long Beach.

Millions of televisions, shoes, toys, patio furniture and countless other items -- more than 40 percent of the waterborne cargo imported into the United States every year -- arrive in containers year-round at the ports, where they split into two streams.

About two-thirds of the flow is carried by rail and truck to other parts of the United States. Most of the rest is trucked to mammoth distribution centers near Ontario and Riverside, where the goods are redirected to stores in Southern California and nearby states.

This "trade pipeline" has become a pillar of the region's economy. Yet the cargo industry also deluges local freeways with diesel trucks, and its ships, railroad locomotives and other vehicles combine with trucks to spew air pollution on a massive scale. Recent studies have shown that the ports are by far the region's largest single polluter and pose a health risk to hundreds of thousands of residents -- with the communities nearest the ports suffering the worst consequences.

The growth of the pipeline has been relentless in recent years -- cargo volume at the Port of Los Angeles alone rose 50 percent from 2000 to 2004, and could triple by 2020. But concern has been growing that local freight terminals, rail lines and freeways are nearing capacity. A backup at the ports last year set off alarm bells among retailers throughout the nation, and led some to look for alternate shipping routes.

Scrambling to protect an industry that many experts view as key to the region's future economic health, state and regional officials this year have touched off a broad effort to plan costly highway, rail and other infrastructure improvements that will keep the cargo moving while ratcheting down pollution and shoring up security against potential terrorist attacks.

Already, formal studies are under way on three major projects in the Los Angeles area -- including a \$175 million intermodal rail yard to be built on the Wilmington-Long Beach border, and a \$5.5 billion expansion of the Long Beach (710) Freeway from the ports to Interstate 5. Meanwhile, the state's Business, Housing and Transportation Agency and the California Environmental Protection Agency are conducting a series of meetings around the state to develop a preliminary "goods movement action plan" that is scheduled to be sent to Gov. Arnold Schwarzenegger on Monday.

Schwarzenegger is widely expected to announce the plan -- including projects, mitigation measures and funding strategies -- early next year, possibly as part of a larger bond measure. Some state legislators, including state Sen. Tom Torlakson, D-Antioch, also are calling for a special session of the Legislature to focus on transportation and goods movement.

"This is a huge opportunity, and it's vitally needed," said Torlakson, chairman of the senate's transportation and housing committee. "Our infrastructure is in crisis and our transportation systems are overloaded, they're crumbling."

"We need a master plan for goods movement ... and the time is now," he added.

Todd Campbell is less enthusiastic. Like many environmentalists and community activists, the science director for the Clean Air Coalition -- who is also a Burbank city councilman -- believes the state's planning effort is moving too fast.

Still, he agrees with Torlakson on this much: developing a plan for the goods movement industry will be a crucial step for the Los Angeles region and the state.

"The decisions that could be made in the (upcoming) weeks will really dictate what the landscape will be in the future for California, particularly Southern California," he said.

Mike Gooding's electric fireplace took a typical route to the Los Angeles area.

First it was packed tightly into a container that was loaded onto the cargo ship Ever Diamond as it docked in China's Yantian Harbor. Over the next week and a half, the 52,000-ton vessel crossed the Pacific, arriving in early morning darkness at the Evergreen Marine Corp.'s terminal at the Port of Los Angeles.

Within hours, longshore workers set to work unloading the ship. Operators positioned their 120-foot-tall electric cranes precisely over individual, 75,000-pound containers -- known as "cans" by the dockworkers and truck drivers who handle them -- locked onto them with heavy steel beams, and hoisted them down to waiting "yard tractors" at a rate of 25 to 30 per hour.

When a ship comes in at Evergreen, about 150 longshore workers per shift scramble to unload it -- and there are three shifts a day. The workers are part of an army of 8,700 registered longshoremen and 8,200 part-time "casuals" who keep freight moving at the ports of Los Angeles and Long Beach.

Even so, longshore workers make up only a fraction of the nearly 550,000 people employed by the goods-movement industry in the Los Angeles region. Also at work on any given day are thousands of truck drivers, dispatchers, logistics managers, couriers, railroad engineers, forklift operators, warehouse and documents clerks, and others.

Their ranks could grow to more than 1 million by 2030, according to a recent report by the Southern California Association of Governments, and already account for one out of every 10 jobs in the region. The jobs pay well -- better than jobs in the construction or manufacturing industries. And most can be filled by workers who lack a college degree or even a high school diploma, as an increasing percentage of the regional work force does, according to SCAG.

Economist John Husing, whose research has helped shape some of the current proposals to expand the trade pipeline, said the goods-movement industry is an opportunity "to create an economic (powerhouse) for blue-collar workers. We haven't had a strategy for a competitive advantage like that in 50 years. The last time was when the aerospace industry came here."

But Wilmington activist Jesse Marquez, executive director of the Coalition for a Safe Environment is adamant that potential job gains have to be balanced against the health risks -- especially in neighborhoods near the ports, where air pollution and other fallout from the trade pipeline is the most extreme.

"My parents' generation might have been concerned only about jobs," Marquez said. "My generation and my son's generation look at it in terms of, 'Is there a public health impact?'"

Peter Peyton, a legislative expert with the International Longshore and Warehouse Union, pointed out that workers at the ports share pollution concerns with nearby residents.

"But it doesn't do any good to have a pollution-free area with everyone starving to death," he went on. "At a time when we're losing jobs to outsourcing, when the middle class is being driven down, (the cargo industry) potentially could become the No. 1 industry in the state, and would maintain jobs, put money into the state's coffers and give us money for education, environmental problems -- the things we need."

At the Evergreen terminal at the Port of Los Angeles, dockworkers spent two days unloading the Ever Diamond. Many of the ship's containers were temporarily stored in long rows on Evergreen's sprawling, 205-acre terminal, waiting for trucks to pick them up. But as space at the terminal filled up, dozens of containers -- including the one housing Costco's electric fireplaces -- were towed to an auxiliary yard across the street.

On a warm evening three days later, Franklin Serrano steered a sleek black truck cab into Evergreen's auxiliary yard, quickly located the container full of electric fireplaces and hooked it up to his cab. A few minutes later he cleared a final checkpoint at Evergreen's terminal and was rolling north on the Long Beach (710) Freeway toward Costco's regional distribution center in Mira Loma, near Riverside.

Like thousands of truck drivers, Serrano, 29, would make two round trips this night hauling cargo containers between the Port of Los Angeles and distribution centers owned by major retailers in and around Ontario and Riverside. He would return to his house in Bell Gardens sometime after 2 a.m.

Night shifts for truck drivers have increased dramatically with the introduction in July of PierPass, a system that created financial incentives for retailers to move freight out of the ports during off-peak hours. Serrano doesn't particularly like working nights, but he likes having steady work and the opportunity to sleep in his own bed. As a truck driver, "You don't got nobody breathing down your neck," he pointed out. "All you got to do is keep your appointments and nobody messes with you."

Serrano would like to make more than two round trips per night, but he knows from experience that it's impossible because of traffic congestion on local freeways as well as lengthy waits at the port's cargo terminals to pick up "cans." Frustration over these issues and others has, in fact, led many truckers to look elsewhere for work.

But truckers aren't the only ones concerned about slowdowns in the Los Angeles area's trade pipeline. Shippers and retailers complain local rail lines are operating at or near capacity. Traffic congestion on the Long Beach Freeway throws off delivery deadlines as well as motorists' personal schedules. Add to that a potential shortage of truckers and you've got a system that could back up at almost every turn.

In an era when retailers rely on their supply chains to rapidly replenish merchandise while minimizing storage costs along the way, delays of any sort can be crucial.

"Every day that inventory sits there dead is money lost," said Jim Sinegal, president and chief operating officer of Costco. "Getting the goods just in time is a necessity, not a luxury. It's imperative."

After the 2004 backup at the local ports, Costco began shipping some of its Asian-made goods to its Midwestern stores through the Port of Tacoma, Wash. Other retailers took more drastic action. Pier 1 Imports, for example, now ships Asian goods destined for Texas and the southern United States via the Panama Canal.

"It takes longer, but it's a lot easier to do that and manage it than have the uncertainties of the (Los Angeles area) ports, and some of the railroads as well," said David Walker, Pier 1's executive vice president of logistics and allocations.

Talk like that has helped kick-start the current discussions about how to expand the trade pipeline. Among the projects viewed as most crucial in the Los Angeles area are adding truck-only lanes to the Long Beach Freeway, and building a new intermodal yard near the ports to transfer cargo containers from trucks to trains. PierPass, widely seen as a successful effort to reduce congestion and speed up the flow of freight, will only borrow time before more extensive fixes are needed, most experts say.

But here in the nation's smog capital, every proposal to expand cargo capacity is inevitably viewed through the prism of its potential contribution to air pollution.

As Serrano steers his truck toward Mira Loma on a succession of freeways, its powerful diesel engine is spewing carbon dioxide, oxides of nitrogen and, most troubling of all, toxic particulates. And as the cargo industry expands over the next 15 years, the number of daily truck trips in and out of the ports could more than double to 92,000.

Ships, locomotives and smaller cargo handling equipment crucial to the trade pipeline make huge contributions of their own to the pollution overload in local air. But cargo industry supporters insist that any expansion will include strategies -- and money -- for reducing air pollution and other effects.

"Environmental mitigation has become central to the whole discussion (of the cargo industry) in Southern California," said Steve Erie, an infrastructure expert at University of California, San Diego. "It means the cost of projects goes up, it means all parties must share the cost, but it's the new way of doing business. It just is."

On Friday, the California Air Resources Board released a draft blueprint for sharply reducing port-related pollution even as trade volume triples over the next 15 years.

In the Los Angeles area, premature deaths due to these emissions could decline to fewer than 300 annually, down from 530 currently, while asthma attacks could be cut by one-third, the plan said.

Julie Masters, a senior attorney with the Natural Resources Defense Council, an environmental group, pointed out that the plan's goals can't be met unless a flurry of new regulations are passed.

"The plan does not come forward with a promise to implement these measures and thereby protect Californians from this massive expansion of the goods-movement system," she said. "We really wanted to see that before the expansion of the (state's) goods-movement plan goes forward."

But many state and local officials are inclined to press ahead. Los Angeles City Councilwoman Janice Hahn, whose district includes the Port of Los Angeles, is among them.

"What worries me about any kind of delay in planning is that the growth is coming" anyway, she said. "It's not going to come only after we figure out how to support it. And we've already waited too long" to begin planning.

Still, Hahn and others believe a community benefits agreement -- similar to the one approved by the Los Angeles City Council in 2004 that provided \$500 million to reduce noise, pollution and congestion in cities near Los Angeles International Airport -- should be built into the cost of expansion.

Debates over air quality and other trade issues were a long way from trucker Franklin Serrano's mind as, 75 minutes after leaving the Port of Los Angeles, he maneuvered his load of electric fireplaces into the darkened parking lot of Costco's distribution center in Mira Loma. When asked about expanding the Long Beach Freeway, he said he's sympathetic to nearby residents whose homes could be condemned to make way for that or other projects.

Still, he said, truck-only lanes on the freeway would make his job go faster and easier. Truck-only lanes "would be cool."

The following morning there was a flurry of activity inside the sprawling distribution center as the container of electric fireplaces -- now backed up to a loading dock -- was unpacked. Forklift operators deftly stacked the bulky boxes on the center's gleaming concrete floor, while checkers scanned the shipment into Costco's computerized inventory.

By the end of the day, the 95 fireplaces in the container had been divided into more than a dozen different lots, loaded onto new trucks and were on their way to Costco stores from Hawthorne to San Diego. They would be unpacked and put out on the floor for sale before the stores opened for business the following day.

Costco's distribution center consists of two main buildings, the largest of which houses an astounding 15 acres of warehouse and office space under a single roof. It's among dozens of such facilities that have sprouted near Ontario and Riverside in recent years as major way stations on the trade pipeline, with most of them serving stores only in Southern California or neighboring states.

The behemoth warehouses and the trucks that shuttle goods to and from them around the clock have spawned a backlash among some local residents.

But many state and local officials are intent on maintaining the lion's share of cargo flow to Southern California and other markets around the nation -- and the jobs that go with it.

A state report in September listed \$14.4 billion in potential "goods movement" projects statewide, with about \$12 billion earmarked for freeway and rail expansions, and improved port access, in the Los Angeles area alone. Measures to lessen the negative effects could cost up to \$8.5 billion more.

How to generate these funds -- and who would pay -- are hotly debated questions.

Additional container fees are consistently mentioned as a likely means of generating at least some of the funds needed for a cargo industry expansion. And the financing of the Alameda Corridor could serve as a model, according to **SCAG's Mark Pisano**. The 20-mile, \$2.4 billion rail link was funded in part by bonds that are being paid back by a \$15 fee on every container carried by trains on the route.

A recent **SCAG** study estimated that fees of nearly \$200 per container could be charged at the ports of Los Angeles and Long Beach without causing retailers and shippers to look for other cargo routes -- as long as the money was invested in trade infrastructure.

In San Pedro, longtime port critic Noel Park is adamant that companies involved in the trade industry should pay for any expansion, with container fees a likely mechanism.

"Let the polluters pay to clean up the pollution, and let the traffic generators pay to fix the traffic," he said.

"If the price of tennis shoes down at Wal-Mart goes up two bucks, well, fine."

Many industry groups are dubious. Mike Jacob, vice president of the Pacific Merchant Shipping Association, which represents shipping companies and marine terminal operators, said his group's members don't want to pay fees for any projects that don't benefit them directly, such as highway expansion.

Beyond container fees, there is a growing consensus that the federal government can and should pay a significant part of the cost.

For one thing, the Los Angeles area's trade pipeline is a crucial part of the nation's trade infrastructure, and for another, federal agencies have control over key issues such as vehicle emissions standards and port security.

Still, corralling federal dollars is far from easy.

Hahn said the Bush administration so far hasn't even devoted the funds necessary to make the ports safe against a potential terrorist attack.

"We need to look at it as seriously as they do airport security," she said. "If there were to be a shutdown, goods movement would be impacted across this country."

Meanwhile, the pipeline continues to flow.

The Port of Los Angeles recently reported that its container volume crept up 1.35 percent during the first 10 months of this year, to the equivalent of 6.22 million 20-foot containers.

One of those containers held half a dozen electric fireplaces that were bound for the Costco store in Hawthorne. Only minutes after they went on display at \$500 each, several shoppers stopped to admire them before Mike Gooding arrived and wrestled one onto a cart.

Flashing a grin, he explained that he planned to use the fireplace to decorate the living room of his house in Lawndale. He and his wife recently completed some remodeling work, and "now we're going to spend another \$40,000 on furnishings," he said ruefully.